

— 9 —

Category 9: Decision to terminate certain USAID personal service contractors

From: [Marocco, Peter W](#)
To: [REDACTED] [@eop.omb.gov](#); [REDACTED] [\(AID/A\)](#); [REDACTED] [\(AID/A\)](#); [REDACTED]
Cc: [REDACTED] [\(M/CIO\)](#); [REDACTED]; [REDACTED] [\(M/CIO/ICIO\)](#); [REDACTED] [\(LPA\)](#)
Subject: FW: Action Memo to Secretary Regarding USAID Personal Services Contractors (JPL 2-2 345pm)
Date: Sunday, February 2, 2025 4:21:12 PM

Please immediately execute the comprehensive option of termination of both level of PSC contracts.
Please let me know any additional information you need from me.

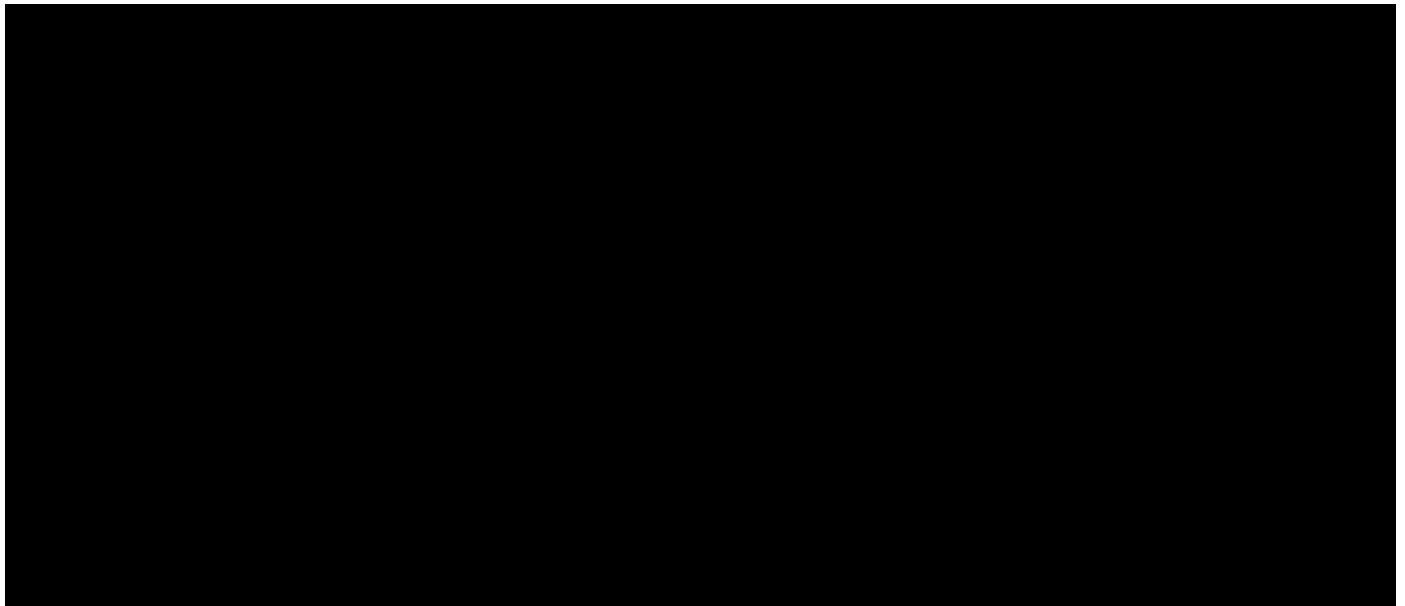
[REDACTED], we will quickly discuss messaging.

SENSITIVE BUT UNCLASSIFIED

From: Needham, Michael A [REDACTED] [@state.gov](#)>
Sent: Sunday, February 2, 2025 4:19 PM
To: Marocco, Peter W [REDACTED] [@state.gov](#)>; [REDACTED] [@state.gov](#)>; [REDACTED]
[REDACTED] [@state.gov](#)>
Cc: [REDACTED] [\(AID/A\)](#) [REDACTED] [@usaid.gov](#)>; [REDACTED] [@gsa.gov](#)
Subject: Re: Action Memo to Secretary Regarding USAID Personal Services Contractors (JPL 2-2 345pm)

Approved for both options.

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United States Department of State

Washington, DC 20520

CLASSIFICATION//SBU

February 2, 2025

Action Memo for Secretary of State Rubio, also Performing the Duties and Functions of the Administrator of the U.S. Agency for International Development

THROUGH: STATE/F – Senior Bureau Official and Advisor to the Secretary for Foreign Assistance, Pete Marocco, Office of Foreign Assistance

FROM: AID/D-PP/D-MR – Performing the Duties and Functions of Deputy Administrator Pete Marocco, U.S. Agency for International Development (USAID)

SUBJECT: (SBU) Decision to Terminate or Pause all USAID Personal Service Contracts (PSC) in high income and medium income countries.

(SBU) Recommendation 1: That you instruct USAID to terminate all Personal Service Contracts (PSC) in *high-income* countries that do not meet a waivable threshold determined by State F.
(Approve/Disapprove by 02/07/2025)

Decision: ☐ Approve ☐ Disapprove ☐ Discuss

(SBU) Recommendation 2: That you instruct USAID to terminate all Personal Service Contracts (PSC) in *high-income and medium-income* countries that do not meet a waivable threshold determined by State F.
(Approve/Disapprove by 02/07/2025)

Decision: ☐ Approve ☐ Disapprove ☐

Background

USAID's mandate is to assist primarily in low-income countries and these contracts appear to be inconsistent with the mission of USAID and diverts resources away from helping people progress beyond the need for aid. Pursuant to ADS 309.3.1.20, USAID has the authority to terminate a personal services contract with an individual providing services to USAID for convenience on the basis of changing agency priorities. USAID recommends exercising its authority to terminate these contracts for convenience in this instance, unless after further review, there are compelling reasons to keep these particular contracts active.

(SBU) Option 1 has the financial impact of saving up to **\$89,517,116.51** in obligated Funds across approximately 641 affected PSCs, while Option 2 has the financial impact of saving up to **\$127,746,565** in obligated funds across approximately 731 affected PSCs. USAID will create a waiver process for USAID staff to request a waiver for each PSC contract that is requested to continue. Those waivers for approved PSCs will be approved by State/F.

(SBU) USAID recommends Option 2.

Attachment

Tab 1 – Personal Service Contracts (PSC) in high-income and medium-income countries as defined by the World Bank.

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Approved: Office of the Administrator – Pete Marocco, Acting Deputy Administrator [PM]

I **confirm** the drafter received guidance on this paper's intent, objectives, topics, scope, and structure. ☒ **Yes** ☐ **No**

Drafted: USAID, AID/A – Kenneth Jackson,
[REDACTED] [@usaid.gov](#), [REDACTED], and cell: [REDACTED].

Cleared:

Bureau	Name	Clearance Status
AID/A: DCoS	[REDACTED]	Clear
AID/A: CoS	[REDACTED]	Clear
STATE/F	[REDACTED]	OK
USAID/A+L	[REDACTED]	OK

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For Official Use Only – Termination of Personal Services Contracts

Jami Rodgers <[REDACTED]@usaid.gov>

Wed, Feb 19, 2025 at 3:27 PM

To: [REDACTED]

Dear Colleagues,

We have received a list of Personal Services Contracts (PSCs) that have been reviewed and identified for termination by Secretary Rubio. The cited basis for these terminations is that they are inconsistent with the mission of USAID, and divert resources from helping people progress beyond the need for aid.

Pursuant to [ADS 309.3.1.20](#) and the termination clause in each contract, USAID has the authority to terminate a personal services contract with an individual providing services to USAID for convenience on the basis of changing agency priorities. The PSCs are given a 15-day notice that their contract with USAID will be terminated per the terms and conditions of their contract.

Based on this rationale and the stated authorities, we request your support in terminating the PSCs listed on the PSC tracker. We will be sharing individual sheets with each Mission/Bureau with the specific names. Once you have taken the termination action, please note this on **column A of the PSC tracker**.

For your convenience, a PSC termination template is [REDACTED]

Please let us know if you have any questions or require further guidance. We request that you complete this action within the next day. Thank you all for your continued support.

Jami

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